



**CHALMERS**  
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# **Understanding the Customer:**

## **Examining the Perceived Value of a New Product in a B2B Context**

*Master's Thesis in the Masters' Programmes  
Supply Chain Management & Management and Economics of Innovation*

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## Abstract

“Value” is one of the most overused and misused concepts in management literature and, even though research shows that it is critical to understand your company’s value offering to stay competitive, few suppliers actually know what value they create and how it is perceived by their customers.

This paper extends the knowledge about customer perceived value in B2B markets by studying the value construct’s characteristics, elements and underlying drivers in a case study of a newly developed consumer cartonboard in the pulp and paper industry. Through numerous interviews with the cartonboard supplier’s employees and customers, data is collected and analyzed based on research originating from the Consumption-values theory.

The findings present five characteristics of the construct customer perceived value in B2B markets and identify value drivers within seven value elements. Five of which presented in the literature: (1) functional value quality of product, (2) functional value quality of service, (3) functional value sacrifices, (4) social value, and (5) emotional value, as well as two value elements suggested in this paper: (6) innovation value and (7) environmental value.

*Keywords: Customer perceived value, Consumption-values theory, Business-to-business, Value elements, Value drivers, Functional value, Social value, Emotional value, Innovation Value, Environmental value*



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## **Terminology**

<b>Brand owner</b>	<i>A brand owner owns and manages the brands under which the products are sold. Brand owners are the actors in need of packaging for their products and are most often customers to converters and Global Forest's second tier customers.</i>
<b>Cartonboard</b>	<i>A cartonboard refers, in this report, to a fiber based material used for packaging consumer products.</i>
<b>CPV</b>	<i>CPV stands for Customer Perceived Value. This report will mainly focus on CPV on B2B markets.</i>
<b>Converter</b>	<i>A converter is an actor that cuts and/or print cartonboard material into boxes or other forms of packaging. These are typically first tier customers to Global Forest and then, in turn, sell their services to brand owners.</i>
<b>Value characteristic</b>	<i>A general attribute that can be used to describe the nature of the CPV construct.</i>
<b>Value element</b>	<i>A type of value that constitute a part of the total CPV.</i>
<b>Value driver</b>	<i>A factor that drives value within a value element.</i>
<b>VCN Board</b>	<i>The VCN Board is a cartonboard in a brown, natural cartonboard color and it is used for dry, consumer products. Further, it is also the focus product for this case study.</i>

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# 1. Introduction

With accelerating competition in business-to-business (B2B) markets, delivering superior customer value is becoming increasingly important to stay competitive (Sharma, Krishnan, & Grewal, 2001), but what do customers really perceive as valuable? The meaning behind the concept “value” can sometimes be vague and it is even considered to be one of the most overused and misused concepts within the management literature (Khalifa, 2004). Despite the fact that knowing how a market offering delivers value can help companies develop persuasive value propositions and create competitive advantage, only a few suppliers are actually able to define the value their products and services create for their customers (Anderson and Narus, 2001). To enrich this lack of knowledge, customer perceived value (CPV) in B2B markets will be analysed through a case study focusing on the customers of a newly developed consumer cartonboard. The result sheds light on characteristics of the construct CPV and distinguishes the construct into multiple value elements based on identified value drivers.

Two major research branches can be identified in the conceptualization of CPV: unidimensional and multidimensional perspectives on the value construct. Originally, the value construct was perceived to be unidimensional, e.g. perceived value was only seen as a trade-off between perceived quality and sacrifice (Dodds & Monroe, 1985), but eventually it became criticized for being too simplistic and not taking more dimensions into account, such as intangible and emotional factors (Zauner, Koller & Hatak, 2015; Sánchez-Fernández & Iniesta-Bonillo, 2007). Therefore, more complex perspectives with multidimensional models of value have been introduced (Babin, Darden & Griffin 1994; Danaher & Mattsson, 1994; Holbrook 1994; Sheth, Newman & Gross, 1991; Woodruff & Gardial 1996) and recently gained wider acceptance (Zauner et al., 2015). Within the multidimensional perspectives, numerous studies have been presented within mainly five separate research streams (Sánchez-Fernández & Iniesta-Bonillo, 2007). However, all of which propose different understandings of the elements in CPV and, on top of that, there are only a few attempts of identifying the actual value drivers within them (Grönroos, 2010).

This paper seeks to increase the understanding about CPV in B2B markets by analyzing the value construct’s characteristics, elements and underlying drivers from a multidimensional perspective based on the research originating from the Consumption-values theory. The findings present five characteristics of the construct CPV, 16 value drivers that support the five value elements presented by Callarisa-Fiol, Moliner-Tena, and Sánchez-Garcia (2011): (1) Functional value quality of product, (2) Functional value quality of service, (3) Functional value sacrifices, (4) Social value, and (5) Emotional value, as well as 4 value drivers that suggest adding two additional value elements: (6) Innovation value and (7) Environmental value.

Following, in the next section, the purpose and research questions of the study are presented. Then, the paper continues with a theoretical framework, which sheds light on and contrasts the different perspectives on CPV as well as deep dives into the one of Consumption-values theory and highlights the value elements used as a foundation for this study. Thereafter, the

methodology of the study is presented, followed by a brief case description. Further, the empirical data is presented and analyzed and then, lastly, the findings are discussed and the study's results are ultimately synthesized under conclusions.

## **1.1 Purpose and Research Questions**

The purpose of this master thesis is to enrich the knowledge about the construct customer perceived value in B2B markets. Further, it seeks to study the characteristics of the construct as well as examining the construct's value elements and associated value drivers, based on research originating from the Consumption-values theory. This will be done through a case study of a newly developed consumer cartonboard in the pulp and paper industry.

In order to fulfill this purpose, this paper seeks to answer the following three questions.

*RQ1: What characterizes the construct customer perceived value in B2B markets?*

*RQ2: What drivers can customers perceive to generate value for them in B2B markets?*

*RQ3: How do the identified value drivers correspond with the value construct's elements suggested by literature: (1) Functional value quality of product, (2) Functional value quality of service, (3) Functional value sacrifices, (4) Social value, and (5) Emotional value?*

## **1.2 Delimitations**

This study is centered on a market offering of product character, offered by the Nordic firm referred to as Global Forest. Hence, the study will not consider pure service offerings in B2B markets. Moreover, the study is solely focused on the consumer cartonboard packaging market, Global Forest and twelve of their associated European customers. Thus, other industries, products or regional markets will not be analyzed in the study.

Due to the fact that sensitive information is presented in the master thesis, all company names and interviewed individuals have been anonymized and/ or renamed.



## 2. Theoretical Framework

This chapter initially sheds light on and contrast the different perspectives and research streams within CPV literature and then deep dives into the one based on Consumptions-values theory. Conclusively, the chapter will highlight value elements, which can be described as value categories, used as a foundation for this study.

### 2.1 Research Streams Within the Construct Customer Perceived Value

Delivering value to customers is considered essential for a company's long-term success (Chacour & Ulaga, 2001; Kotler, 2001; Sweeney & Soutar, 2001), but the meaning behind the concept "value" can sometimes be vague (Khalifa, 2004). Furthermore, authors stress difficulties defining customer value because of the subjectivity and ambiguity surrounding the concept as well as the fact that it is developing over time (Woodruff, 1997; Khalifa, 2004). Consequently, the conceptualization of CPV has also taken different paths along with its historical development (Zauner, Koller & Hatak, 2015; Sánchez-Fernández & Iniesta-Bonillo, 2007). As Figure 2.1 illustrates, there are two major branches in the conceptualization of CPV; unidimensional and multidimensional perspectives on value. Within the unidimensional and multidimensional perspectives, mainly two and five research streams are identified, respectively (Sánchez-Fernández & Iniesta-Bonillo, 2007). In Figure 2.1 however, the branch "Additional research" has also been added to illustrate the various other proposals that have been presented to explain CPV.

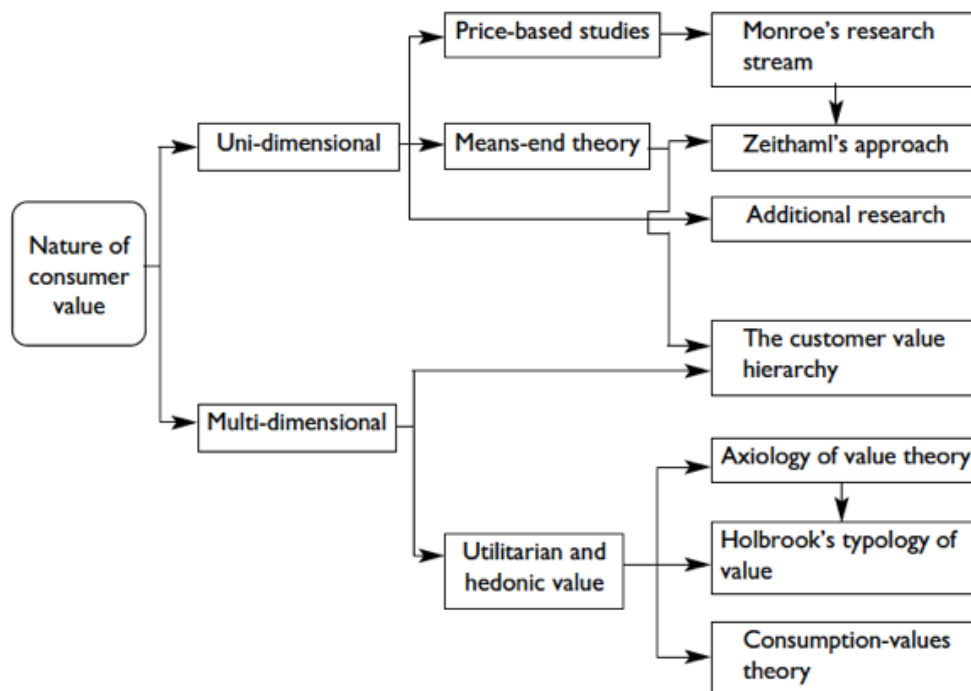


Figure 2. 1 Research Streams Within Customer Perceived Value

#### 2.1.1 Unidimensional Perspective on Customer Perceived Value

The unidimensional perspective of CPV are characterized by focusing on one value dimension (Monroe & Krishnan, 1985; Zeithaml, 1988), e.g. perceived value equals product quality minus

price. The two main research streams within the unidimensional perspective of CPV originate from the study of price and the Means-end theory and were initially introduced by Dodds & Monroe (1985) and Zeithaml (1988), respectively. Illustrative examples of studies that followed Monroe's or Zeithaml's approaches, and contributed to these research streams, are shown in Table 2.1.

Research stream	Example of studies
Monroe's approach (Price-based studies)	Agarwal & Teas (2001); Dodds & Monroe (1985); Grewal, Krishnan, Baker & Borin, (1998); Li, Monroe, & Chan (1994); Monroe & Chapman (1987); Monroe & Krishnan (1985); Wood & Scheer (1996)
Zeithaml's approach (Means-end theory)	Baker, Thompson & Engelken (2004); Bolton & Drew (1991); Brady & Robertson (1999); Chang & Wildt (1994); Gould-Williams (1999); Hartline & Jones (1996); Kerin, Jain & Howard (1992); Petrick (2002); Lapierre, Filiatrault & Chebat (1999); Zeithaml (1988)

*Table 2. 1 Unidimensional Research Streams of Customer Perceived Value*

*Monroe's approach* emerged from a study on how price influences customer perceptions and proposes a model describing the relationship between price, perceived quality, sacrifice, perceived value and willingness to buy. This, in turn, led to the understanding of perceived value as “a trade-off between perceived quality and sacrifice” (Monroe & Krishnan, 1985; Dodds & Monroe, 1985; Monroe & Chapman, 1987).

*Zeithaml's approach*, emphasizes customer end-states as central (Zeithaml, 1988) rather than price, and adapts Monroe's approach to Gutman's (1982) Means-end theory, which states that people are goal-oriented and use product or service attributes as means to reach desired end-states. Consequently, Zeithaml (1988) define perceived value as “the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given”.

However, even though viewing the construct as unidimensional has a simpler implementation, simpler assessment as well as stronger empirical basis than the multidimensional perspective, it has been criticized for not fully reflecting the complexity of the construct CPV (Sánchez-Fernández & Iniesta-Bonillo, 2007). In particular, it has been criticized for not properly taking customer's intangible and emotional experiences into account (Zauner et al., 2015). Therefore, instead viewing the value construct as multidimensional has recently gained wider acceptance (Zauner et al., 2015).

### **2.1.2 Multidimensional Perspective on Customer Perceived Value**

The multidimensional perspective of CPV is characterized by focusing on multiple value dimensions, e.g. functional value, social value, emotional value, epistemic value, and conditional value (Sheth, Newman & Gross, 1991). The five main research streams within the multidimensional perspective of CPV are: (1) The customer value hierarchy, (2) Utilitarian and hedonic value, (3) Axiology of value theory, (4) Consumption-values theory, and (5) Holbrook's typology of consumer value (Sánchez-Fernández & Iniesta-Bonillo, 2007).

Illustrative examples of studies that have contributed to these research streams are shown in Table 2.

Research streams	Example of studies
The customer value hierarchy	Anitsal & Flint (2005); Overby, Gardial & Woodruff (2004); Overby, Gardial & Woodruff (2005); van der Haar, Kemp, & Omta (2001); Woodruff (1997); Woodruff & Gardial (1996)
Utilitarian and hedonic value	Babin & Attaway (2000); Babib & Babin (2001); Babin, Darden & Griffin (1994); Babin & Kim (2001); Chiu, Hsieh, Li & Lee (2005)
Axiology of value theory	Danaher & Mattsson (1994); de Ruyter, Wetzels, Lemmink & Mattsson (1997); Lemmink, de Ruyter & Wetzels (1998)
Consumption-values theory	Pura (2005); Sheth, Newman & Gross (1991); Sweeney & Soutar (2001); Sweeney, Soutar, Whiteley & Johnson (1996); Williams & Soutar (2000); Wang, Lo, Chi & Yang (2004)
Holbrook's typology of consumer value	Bevan & Murphy (2001); Bourdeau, Chebat & Counturier (2002); Holbrook (1994, 1999); Mathwick, Malhotra & Rigdon (2001, 2002); Oliver (1996); Richins (1999); Smith (1996); Solomon (1999)

Table 2. 2 Multidimensional Research Streams of Customer Perceived Value

Woodruff and Gardial (1996) introduced (1) *The customer value hierarchy*, where they utilized Gutman's (1982) Means-end theory as a foundation for their research. The customer value hierarchy presents three hierarchical dimensions of value: desired attributes, desired consequences, and desired goals, which broadens the focus from simply product attributes, to a higher-order perspective of how customers experience outcomes. However, while this model is endorsed for describing the complexity and dynamics of CPV, it fails to distinguish various value elements (Sánchez-Fernández and Iniesta-Bonillo, 2007).

Furthermore, Hirschman & Holbrook (1982), stress that simply focusing on one value element such as utilitarian aspects, i.e. the object, its functionality and price, risks being too narrow to capture all value aspects in a consumption experience. Hence, this would fail to account for hedonic aspects associated with intangible factors, emotional benefits and costs (Holbrook 1986). Similarly, Hartman's (1967) axiology model of value also emphasized that value does not comprise one, but three value elements: extrinsic value, intrinsic value, and systematic value, where the extrinsic value reflects the utilitarian use, the intrinsic value reflects the hedonic appreciation, and the systematic value reflects the logical reasoning. Babin, Darden, & Griffin (1994) and Danaher & Mattsson (1994) also adopted the view of multiple value elements and developed frameworks for assessing customer value based on Hirschman & Holbrook's (1982) and Hartman's (1967) views, respectively. Babin et al.'s (1994) model is based on two value elements, (2) *Utilitarian and hedonic value*, and Danaher & Mattsson's (1994) model is based on the (3) *Axiology of value theory* with three value elements: practical (P), emotional (E), and logical (L).

Nevertheless, even though these value frameworks distinguish between two and three value elements, respectively, more recent literature stresses that they tend to be too simplified

(Sánchez-Fernández and Iniesta-Bonillo, 2007). However, Holbrook (1994) derived another, more exhaustive, conceptual framework of value from these two called (4) *Holbrook's typology of consumer value*. This framework categorizes forms of value based on three dichotomies: 1. Extrinsic versus intrinsic value (something seen as a means to an end versus a consumption experience valued as an end in itself), 2. Self-oriented versus other-oriented value (something valued for the effect on oneself versus something valued because of others' response to it), and 3. Active versus reactive value (something done by a consumer to/with a product versus something done by a product to/with a consumer) (Holbrook, 1999). By combining these dichotomies in different combinations, eight forms of value can be identified, which make this approach the most comprehensive framework as it distinguishes between the highest number of value elements (Sánchez-Fernández and Iniesta-Bonillo, 2007). However, the complexity of its structure and the similarities between some of the value types makes it difficult to operationalize when seeking to distinguish between value elements (Holbrook, 1999; Leroi-Werelds, Streukens, Brady & Swinnen (2014); Sánchez-Fernández and Iniesta-Bonillo, 2007).

Lastly, the (5) *Consumption-values theory* is not as comprehensive as Holbrook's typology of value, but on the other hand it is easier to operationalize and it takes more value elements into account than the other mentioned value perspectives (Sánchez-Fernández and Iniesta-Bonillo, 2007). The theory was introduced by Sheth, Newman & Gross (1991) and it proposes five value elements, defined in Table 2.3: 1. Functional value, 2. Social value, 3. Emotional value, 4. Epistemic value, and 5. Conditional value. Further, the combination of being one of the most influential contributions to the study of CPV (Morar, 2013; Sánchez-Fernández and Iniesta-Bonillo; Sweeney & Soutar, 2001) and being validated and investigated across a variety of fields, makes it the best foundation for further extending the knowledge about value (Sweeney & Soutar, 2001).

Value elements	Definition
The functional value of an alternative	The perceived utility acquired from an alternative's capacity for functional, utilitarian or physical performance (Sheth et al., 1991, p.160)
The social value of an alternative	The perceived utility acquired from an alternative's association with one or more specific social groups (Sheth et al., 1991, p.161).
The emotional value of an alternative	The perceived utility acquired from an alternative's capacity to arouse feelings or affective states (Sheth et al., 1991, p.161).
The epistemic value of an alternative	The perceived utility acquired from an alternative's capacity to arouse curiosity, provide novelty, and/or satisfy a desire for knowledge (Sheth et al., 1991, p.162).
The conditional value of an alternative	The perceived utility acquired by an alternative as the result of the specific situation or set of circumstances facing the choice maker (Sheth et al., 1991, p.162).

Table 2. 3 Definitions of Value Elements in Consumption-Values Theory

## 2.2 Customer Perceived Value Based on Consumption-Values Theory

Following the research of Sheth et al.'s (1991) Consumptions-values theory presented in the previous section, Williams and Soutar (2000) studied the value elements presented in Table 2.3 in a tourism context and found support for functional value, social value, emotional value, and epistemic value, but not for conditional value. Similarly, Sweeney and Soutar (2001) studied

customers' perceptions of consumer durable goods. In their study they found support for functional value, social value, and emotional value, but not for epistemic value and conditional value. However, they underline that epistemic and conditional values may not be as evident in a case like theirs, when purchasing consumer durable goods, as when for example purchasing experiential services on an adventure. Further, epistemic and conditional value might not be as generic, as they are more relevant in the case of a single purchase than a repeat purchase (Sweeney, Soutar, Whiteley, & Johnson, 1996).

Moreover, Sweeney and Soutar (2001) also identified three attributes within functional value: reliability, durability, and price. They further argue that reliability and durability relate to quality, which should be viewed as having a separate influence on CPV compared to the third attribute; price. Therefore, they propose distinguishing between quality and price by introducing two elements of functional value, which can be seen as subfactors.

Consequently, Sweeney and Soutar (2001) propose a CPV model called PERVAL with four value elements, excluding epistemic and conditional value while instead introducing a second functional value, see Table 2.4.

Value element	Definition
Functional value (price/value for money)	The utility derived from the product due to the reduction of its perceived short term and longer-term costs (Sweeney and Soutar, 2001, p.211).
Functional value (performance/quality)	The utility derived from the perceived quality and expected performance of the product (Sweeney and Soutar, 2001, p.211).
Social value	The utility derived from the product's ability to enhance social self-concept (Sweeney and Soutar, 2001, p.211).
Emotional value	The utility derived from the feelings or affective states that a product generates (Sweeney and Soutar, 2001, p.211).

Table 2. 4 Definitions of Value Elements in PERVAL

The PERVAL model, along with most CPV literature, is focused on B2C markets (Chacour & Ulaga, 2001; Homburg & Rudolph, 2001; Eggert & Ulaga, 2002). However, identifying and understanding CPV is also critical in B2B marketing, since knowing where customer value resides enables companies to deliver superior customer value and increase customer satisfaction (Chacour & Ulaga, 2001). This, in turn, can create sustainable, long-term relationships, higher levels of customer loyalty, and ultimately stronger competitive positions with higher market shares. Nonetheless, even though being aware of the value of a market offering is beneficial for companies, only a few suppliers can actually define what value their products and services create for their customers (Anderson and Narus, 2001).

Eggert & Ulaga (2002, p.110) define CPV in B2B markets as *“the trade-off between the multiple benefits and sacrifices of a supplier's offering, as perceived by key decision-makers in the customer's organization, and taking into consideration the available alternative suppliers' offerings in a specific use situation”*.

They motivate the definition based on three characteristics, which they have identified in various definitions of CPV: (1) the multiple components of value, (2) the subjectivity of value perceptions, and (3) the importance of competition.

Firstly, (1) the multiple components of value have been validated by for example Callarisa et al. (2011) who studied CPV in a B2B context. Callarisa et al. (2011) chose, in line with the Consumption-values theory (Sheth et al., 1991), to adopt Sweeney & Soutar's (2001) value elements in the PERVAL model. However, in their study they chose to structure and extend the value elements in the following way: the functional value of price was instead called sacrifices, and include both monetary and non-monetary sacrifices, and the functional value quality was divided into two: functional value technical quality of product and functional value quality of service. Hence, they used the following structure, which will be further explained under chapter 2.2.1 *Elements of Customer Perceived Value in B2B Markets*: (a) *Functional value quality of product*, (b) *Functional value quality of service*, (c) *Functional value sacrifices*, (d) *Social value*, and (e) *Emotional value*.

Secondly, (2) the subjectivity of value perceptions is further emphasized as an important factor by Chacour & Ulaga (2001). They stress that value in B2B markets is difficult to define because customers perceive value subjectively and, since customers segments are not homogenous, they will perceive different values within the same type of product. In addition to this, they also emphasize that it is important to consider that members of the same buying organization can have different perceptions of the delivered value from a supplier's product. Since value perception differs between customers, suppliers and even within organizations, it is crucial to identify and bridge the potential perceptual gaps in value delivery processes, in order to improve existing marketing activities (Chacour & Ulaga, 2001). Therefore, Chacour & Ulaga (2001) highlight the importance of identifying distinct customer segments and the differences between them, which can be helpful in order to develop the understanding of different customers.

Lastly, Chacour and Ulaga (2001) shed light on (3) the importance of competition. They emphasize that value is relative to the available competition on the market and therefore it is of great importance to offer higher value than competitors to reach sustainable competitive advantages.

### **2.2.1 Elements of Customer Perceived Value in B2B Markets**

In Anderson and Narus' (2001) article *Understand What Customers Value*, they stress the importance for a company to define and understand the value elements of a market offering in B2B markets. The list of value elements should ideally capture all the potential effects that doing business with a specific supplier could have for the business of a customer (Anderson and Narus, 2001).

Derived from the Consumptions-value theory, these value elements are suitable for studying CPV in B2B markets (Callarisa et al., 2011):

1. Functional value quality of product
2. Functional value quality of service
3. Functional value sacrifices
4. Social value
5. Emotional value

However, even though the literature on value elements is substantial, there are only a few attempts of identifying value drivers (Grönroos, 2010). Value drivers can be described as a factor that drives value within a value element, with other word an under category to Value elements. The study of Callarisa et al. (2011) does, however, propose different factors that drives value within their identified value elements, presented in Table 2.5. Their “factor” can be seen as the equivalent to what in this study further will be referred to as “value driver”.

Value Elements	Factors	Illustrative Scale of Measurements
Functional value quality of product	Durable quality of product Technical quality of product	The reliability of products The quality of products Technical specifications vs requirements The simplicity to use products
Functional value quality of service	Technical competence Reliability Security Employees’ service quality	The supplier is innovative The supplier has expert knowledge The supplier generates solutions The supplier knows our business/needs The supplier offers fast & flexible service The supplier’s deliveries are accurate and on time The supplier provides information and advice The employees offer consistent service The employees are competent
Functional value sacrifices	Monetary sacrifice Convenience sacrifice Switching costs	Price Conditions of payment Number of meetings Time and effort of negotiating agreements The supplier can offer their service/products whenever needed Time and effort of training employees Time and effort of adjusting products and services
Social value	Social image Reputation	The supplier has a reputation of good social behavior The supplier behaves ethically The supplier’s credibility improves our image The supplier’s reputation fits with our firm’s image
Emotional value	Experience Personalized attention Interpersonal relationships	The ease to use products already known The supplier knows needs in advance The supplier recognizes me Relationships are pleasant Developed bonds of friendship between the companies’ employees

*Table 2. 5 Elements, Factors, and Measurements of Customer Perceived Value in B2B Markets*

### **3. Methodology**

This chapter aims to describe the methodology chosen, and the reasoning behind it, by presenting the research strategy, research approach, and research process followed by a section highlighting considerations regarding the quality of the research.

#### **3.1 Research Strategy**

In order to effectively conduct business research, Bryman & Bell (2015) stress the importance of choosing a research strategy. A research strategy seeks to establish a general orientation for how business research will be conducted and is commonly divided into two clusters of research strategies: quantitative and qualitative research strategies. A quantitative research strategy emphasizes the use of quantifiable data and is appropriate for research demanding a large amount of measurable data. A qualitative research strategy, on the other hand, emphasizes the interpretation of words and is appropriate for research seeking to understand underlying incentives, motives, and beliefs.

This study was centered on a case study of a newly developed consumer cartonboard in the pulp and paper industry, where the focus was on exploring customers' underlying needs, beliefs and perceptions of value. Therefore, to develop a deeper understanding, a qualitative research strategy was chosen.

#### **3.2 Research Approach**

According to Bryman & Bell (2015), the research approach refers to the role of theory in the research and they distinguish between two types of approaches: a deductive or inductive research approach. A deductive research approach implies testing of a theory and is suitable when the researcher seeks to test a hypothesis based on existing theory. An inductive research approach, on the other hand, implies creating a new theory based on the collected data and it is an appropriate choice when previous studies and collected data within the subject are scarce.

This study used the value elements presented by Callarisa et al. (2011), which are based on Sheth. et al's (1991) Consumption-values theory, as a foundation for analyzing CPV. However, even though the literature on different value elements are quite substantial, there are only a few attempts of identifying the actual value drivers within them (Grönroos, 2010). Thus, since previous studies of value drivers are rather scarce, and this study aspired to enrich the knowledge about CPV including value drivers, the authors chose to not test hypothesis against an established theory, but instead strive to create new theory from collected data. Thus, applying an inductive research approach.

#### **3.3 Research Process**

Applying the, above mentioned, qualitative research strategy and inductive approach, this section further seek to describe what has been done in practice. After reviewing literature, to create a theoretical framework, data was collected through interviews and analysed in multiple steps, both of which further explained under the corresponding titles



### 3.3.1 Data Collection

Bryman & Bell (2015) describe primary data as data collected first-hand and note that interviews and observations are two options for gathering it. They distinguish between three different interview methods: structured, semi-structured, and unstructured interviews. Further, they stress that structured interviews tend to limit access to interviewees' opinions and beliefs, which make semi-structured and unstructured interviews better choices for qualitative research. An unstructured interview does not have pre-chosen questions or goals, instead, the interviewee will only get introduced to the subject and is then freely allowed to develop its opinions in the matter. For a semi-structured interview, on the other hand, questions have been chosen in advance, but these should only be seen as a guide for the interview while still allowing for flexibility and follow-up questions to capture interesting, unpredicted insights from the interviewee.

In this study, semi-structured interviews were conducted in order to maintain a similar structure between different interviews for an easier comparison and data analysis while still allowing for flexibility regarding unpredicted questions and insights. The interviews focused on the interviewees' perceptions about CPV and specifically the VBN Board. Firstly, in order to generate interview questions regarding CPV that would suit this context, 9 internal interviews and one factory observation at Global Forest were conducted to generate knowledge about the industry, the production and the product VBN Board, see Appendix A. The case of Global Forest and VBN Board are further explained in section 4. *Global Forest*. Thereafter, both the case-specific context and CPV literature were taken into account when developing the external interview questions, see Appendix B. The interview questions were then further assessed together with one additional Global Forest employee before conducting 12 external interviews at 12 different companies. All 21 interviews are displayed in Tables 3.1 and 3.2, respectively, and were carried out through Skype calls or face to face in either Sweden or England.

No.	Role	Type (Time)
1	Sales Director - Central Europe	Skype (47 min)
2	Sales Director - Northern Europe	Skype (50 min)
3	Sales Director - East Europe	Skype (30 min)
4	Sales Director - Southern Europe	Skype (49 min)
5	Sales Manager - Scandinavia & Iceland	Skype (52 min)
6	Sales Manager - France	Skype (36 min)
7	Sales Manager - Finland/Baltics	Skype (30 min)
8	Sales Manager - UK & Ireland	Skype (27 min)
9	Production Manager	Face to face in Sweden (65 min)

Table 3. 1 Internal Interviews Within Global Forest

No.	Industry description	Role	Type (Time)
1	Dry food	Global Packaging Base Material Expert	Skype (51 min)
2	Dry food	Packaging & Industrialisation Manager	Face to face in Sweden (62 min)
3	Frozen/chilled food	Sustainability Manager	Face to face in England (29 min)
4	Frozen/chilled food	Packaging Buyer	Face to face in England (48 min)
5	Frozen/chilled food	Packaging Development and Sustainability	Skype (56 min)
6	Frozen/chilled food	Technical & Sustainability Director	Face to face in England (20 min)
7	Food service	Director of Strategic Sourcing	Face to face in England (67 min)
8	Beverage	Global Procurement Packaging Materials	Skype (45 min)
9	Beauty	Head of R&D Packaging	Skype (40 min)
10	Converter	Divisional Commercial Manager - Board	Face to face in England (38 min)
11	Converter	Procurement/Owner	Face to face in Sweden (39 min)
12	Converter	CEO/Owner	Skype (36 min)

Table 3. 2 External interviews with Global Forest's customers

### 3.3.2 Data Analysis

Since the majority of the interview questions were of open-ended nature, the collected data was rather complex. Consequently, a three-step sequential analysis was chosen which includes: preparation, familiarity, and interpretation of data (Denscombe, 2009). Firstly, the recorded interviews were transcribed to both prepare and simplify the analysis, as well as increase the familiarity of the data. Secondly, quotes reflecting the most important aspects of each interviewee's answers were chosen for each interview questions. These were then analyzed through codification of the data, where the quotes are given labels to move towards a higher conceptual level (Denscombe, 2009). For example, a code could reflect a value driver or a characteristic of CPV. These codes were then, in turn, divided into categories, where a category reflected data with similar characteristics (Graneheim & Lundman, 2004). Five of the categories corresponded to the value elements presented in section 2.2.1 *Elements of Customer Perceived Value in B2B Markets*. This way, not only value drivers, in the form of codes, could be identified within the five value elements, but it also enabled the possibility to identify value drivers or characteristics that could not be categorized into the predefined categories of value elements. Consequently, new categories of similar codes could be created, which lay the foundation for identifying additional value elements and characteristics of CPV.

### 3.4 Quality of Research

Bryman & Bell (2015) shed light on the three most prominent factors for evaluating business research: reliability, validity, and replicability. Firstly, the reliability factor refers to a study's consistency and is more specifically evaluated by the repeatability of its result. Secondly, the

validity factor refers to the integrity of a study's generated conclusions. For example, this could refer to the causality of conclusions, which, in other words, could be described as the legitimacy of reported relationships between causes and consequences. Lastly, the replicability factor refers to the study's capability of being replicated. Meaning, researchers have to extensively document and describe their procedures in detail in order for someone else to be able to replicate it.

Being a study of qualitative nature with subjective data, the possibility of exactly repeating its result might be challenging. However, in order to increase the reliability and validity and thus, the possibility of getting the same outcome with the same conclusions, numerous interviews were conducted to decrease the subjective variable in the result. Furthermore, the authors initially analyzed the interview data individually and then discussed it together, meaning two persons have interpreted and discussed all data. This way, the causality of conclusions between causes and consequences is less subjective and thus, further increase the validity of the study. Moreover, the section "Research process" also shows a transparent description of how the chosen method was conducted in practice, outlining step-by-step descriptions for anyone to replicate the study, and therefore increasing its replicability.

## 4. Global Forest

Global forest is a Nordic renewable materials company, producing products based on wood and biomass for customers in a wide range of industries. The company is a leading actor within their industry and during 2018 they had 26 000 employees in more than 30 countries with an annual turnover of 10 billion EUR. One of Global Forest's business areas is consumer packaging cartonboard, which refer to cartonboard material that is used to pack end-consumer products. Within this business area, Global Forest offer a variety of different cartonboard materials, all suitable for different purposes. For example, they develop consumer cartonboard material for liquid products, cosmetic products, food packaging, cigarette boxes, and pharmaceuticals. All of the different product areas require different material properties.

Global forest mainly sells their consumer cartonboard to converters, who in turn cut and print the material by orders from brand owners and retailers, i.e. the converters' own customers. However, they also sell directly to some brand owners, see Figure 4.1. In other words, Global Forest has to consider the wishes and needs from both their first and second tier customers, since the demand for their products is derived in multiple stages.

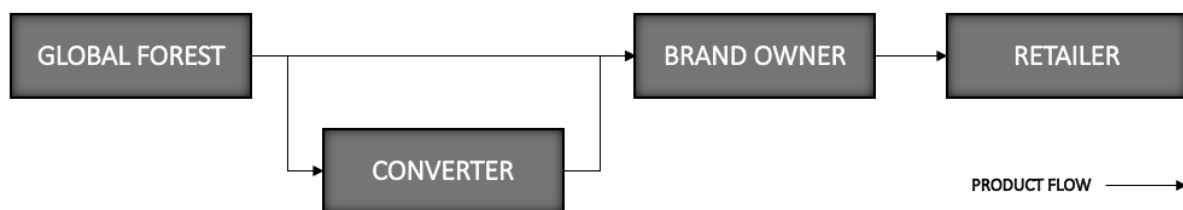


Figure 4. 1 Value Chain of Global Forest

The case of this study is mainly centered on one of the Global Forest's market offerings, which is a consumer cartonboard packaging product. This cartonboard will henceforth be referred to as VBN Board. The VBN Board is a new product in Global Forest's product portfolio and it is targeted towards dry products, such as packaging for food and cosmetics. The product is furthermore a modified version of one of Global Forest's most popular cartonboards. The difference is that the VBN Board does not have a white outer coating, which provides the original product with a smooth surface and white color. Instead, the VBN Board has a rougher surface and a natural-looking, light brown cartonboard color.

The Head of New Business Development in Global Forest's Consumerboard division is one of the main responsible for the VBN Board. Despite the fact that the product already is developed and ready to be sold, the manager finds it difficult to define the actual value proposition of the VBN Board. The organization believes that some customers will find the natural look of the board valuable because they suppose it can promote products as being more sustainable and organic. Besides that, they believe it will be beneficial to identify how their customers actually perceive the value in this product, in order to design a competitive value proposition.

The packaging-material market is interesting to study. Besides the potential value of utilitarian aspects, such as great mechanical properties, the purpose of packaging has grown larger than

its initial, protective purpose. Increasing competition and clutter on retail-store shelves has led to the fact that packaging has to fulfill many different purposes such as attracting buyers, closing sales and communicating brand positioning (Kotler & Armstrong, 2012). A reason for this is that a majority of purchasing decisions today are made at the point of purchase, where packaging often can play a crucial role in the decision-making process (Kundu & Sehwet, 2004). Furthermore, with a growing environmental concern on the market as well as regulations forcing retailers to adopt environmentally sustainable practices, it can be beneficial for companies to heed for such factors when making packaging material decisions (Kotler & Armstrong, 2012). Consequently, all of these factors have made packaging-material decisions more strategic for brand owners and retailers, since they influence value perceptions and purchase decisions.

## 5. Empirical Analysis

The following chapter presents and analyzes the empirical data gathered from interviews with twelve brand owners and converters from different industries, presented in section 3. *Methodology*. The interview questions are presented in *Appendix B*. The chapter initially analyses identified characteristics of the CPV construct, followed by an analysis of seven identified value elements constituting the construct: *Functional value quality of product*, *Functional value quality of service*, *Functional value sacrifices*, *Social value*, *Emotional value*, *Innovation value* and *Environmental value*.

### 5.1 Characteristics of Customer Perceived Value in B2B Markets

The interviewed customers seem to perceive value related to seven different value elements, all of which are further explained in the following section. This entails that the construct CPV in B2B markets is constituted by multiple value elements.

The interview result is indicating that customers link product or service attributes with expectations and goals, which they hope to achieve by purchasing a product. For example, a customer may want to purchase a cartonboard with high production efficiency in order to keep their costs down and further increase their profitability. Following quote is stated by a customer who express the value he believes that the brown color of the VBN board can generate for his company.

*“Customers will probably perceive a brown cartonboard to be more natural and environmentally friendly. So I think that the VBN Board could definitely help us to obtain an organic, natural and healthy image for our products and company [...] which hopefully can generate more sales”*

Furthermore, during the interviews, many different aspects of the VBN’s value proposition were mentioned as valuable. Related to this, some of the interviewees indicated that value perception is subjective. They stated that value can be perceived differently between different companies, and that different individuals can see different value in the same product attribute. Furthermore, individuals working in different departments may also have different interests and perceptions regarding what attributes of a value proposition that should be prioritized in a purchase process. This is represented by the following quote.

*“The value identified in a product will depend on who you talk to... People working in our marketing department will focus on the image and look the cartonboard can generate for our final packaging - qualitative things. While our operations department might look at more practical stuff, such as food safety and functionality”*

Furthermore, some of the interviewed individuals have also pointed out that there are regional differences regarding what is perceived as valuable. One example of this is the different opinions regarding the color of the natural-looking VBN Board. Some interviewees find the

color attractive and some do not. The following quote represents the statements regarding regional differences in value perceptions.

*“The ecological awareness for our Scandinavian consumers is high, while our Russian consumers are not looking for ecological product aspects at all.. So the Scandinavian market would probably be ready for the VBN board since it indicates ecological product aspects. However, on the Russian market, it would be too much of a big step to switch from a white, glossy skincare product packaging, which is standard over there.”*

Despite the varying opinions and priorities within companies, most of the interviewees state that purchasing decisions are jointly elaborated, where multiple departments in a company will influence the final decision. The positions and departments mentioned to have an influence on purchasing decisions, are for example the purchasing department, product managers, mechanical engineers, converters and the marketing department. In addition to this, legal regulations are also highlighted as fundamental in purchase decisions. Interviewees point out that all of these factors and opinions often result in trade-offs regarding what alternative that should be chosen. Though, the final purchase decision often seem to strive for alignment with the purchasing company's overall strategy.

*“Our purchasing decisions are jointly elaborated... so these decisions are not easy to make.. We also have to consider different requirements and legal regulations. The final purchasing decisions is taken by me, but it will taken in collaboration with the technical community and the markets, in order to find the best fit for purpose, for all business areas.”*

In addition to this, customers are also seemingly valuing market offerings relative to other available and competing alternatives, reflected in the quote below.

*“When we wanted to purchase a brown colored cartonboard, we spoke with many suppliers before we decided for our final choice. We wanted to compare different market alternatives before taking a final decision ”*

Another aspect of value, which has been pointed out during interviews, is that the perception of what is considered to be valuable in a value proposition is constantly changing. When new regulations, needs, and market demands occur, customers' value perception will change. Following quote is indicating the changing market and value perceptions.

*“Our firm's purchasing criteria are different today then what they were yesterday. We constantly have to reconsider material decisions, material function and recyclability issues in order to stay relevant as a company”*

## **5.2 Elements of Customer Perceived Value in B2B Markets**

In this section, the identified value drivers in the empirical data are presented and analyzed under headings corresponding to the five value elements, presented in section 2.2.1 *Elements of Customer Perceived Value in B2B Markets*: (1) Functional value technical quality of product, (2) Functional value quality of service, (3) Functional value sacrifices, (4) Social value, and (5) Emotional value. Furthermore, two additional headings have also been added corresponding to two additional value elements: (6) Innovation value and (7) Environmental value.

### **5.2.1 Functional Value Technical Quality of Product**

The result from the data collection indicate that technical and durable quality aspects of a product impact CPV in Global Forest's market. Interviewees underline the importance for consumer cartonboard's technical and durable quality in order to be efficient in the customer's production units and supply chain. Further, they elaborate that a low production efficiency can result in additional and unpredictable costs for customers' businesses. One of the interviewees from a global FMCG company explained this with following quote.

*“One key aspect to consider is always the performance of the material. If I'll have two different options, and I see that one has better mechanical properties and good runnability on our lines with low downtime, I will choose that material. You have to have a total cost perspective”*

Another aspect related to product quality, according to the interview result, is that the general properties of the product fulfills the requirements of the final purpose. Demand on B2B markets is derived from other actors and firms further down in the supply chain and, according to the interviewees, it is important to have the final purpose in mind in order to optimize the attributes in a product offering. Properties that have been mentioned to play an important part when it comes to consumer cartonboard is for example: protective barriers, recyclability and stiffness of the material. The quote below represents the general opinion among the interviewees.

*“When deciding for a packaging supplier we have to consider compliance with the product specification, performance, and required standard.”*

Furthermore, the interview results indicate that a cartonboard's appearance influence CPV. The interviewees state that the appearance of packaging material can help the final product to stand out on shelves in the store, act as a brand builder, and ultimately boost sales. Following quote sheds light on this.

*“Packaging acts as an information carrier for branding and consumer information. So it is a marketing tool as you can imagine, and the packaging should help the product to stick out on the shelf.”*



### 5.2.2 Functional Value Quality of Service

The interview result indicate that many aspects connected to *Functional value quality of service* impact CPV. The interviewees stress the importance of service reliability and in particular highlight the guarantee of supply, consistent quality level and delivery precision as important service factors. Furthermore, competence and support have also been stated to be important service aspects, where suppliers' knowledge of their customers' businesses as well as their ability to be solution oriented are valued by customers. Following quotes represent the general opinions of the interviewed customers.

*"When we are about to decide for a supplier to work with, we look at the market to identify who is capable of doing what. And that includes technical quality of the product, delivery capacity, delivery precision and all sorts of things. It is a long, long list."*

*"It's important for us that our supplier knows the business my company are in, understand our market situation and acts solution oriented"*

Certifications of various types are crucial for the interviewed customers and thus, impact on their value perception. Some of the interviewees even stated that certain certifications are required in order for a cartonboard to be classified as an acceptable product for purchase. The certificates mentioned by customers can for example indicate good operational practices, a certain quality level or that a product is produced sustainably. The following quote reflects a general opinion identified during the interviews.

*"For us, it is very important that our suppliers can show certificates, since we wouldn't get any orders from our customers unless we could show them we work with certified material. And if we can show certification, it will rarely be any customers complaining"*

Lastly, good communication with the supplier is also valued by many of the interviewees. Further, they appreciate when a supplier is open for feedback and adopts to customer wishes and demands.

### 5.2.3 Functional Value Sacrifices

The interview results indicate that the price of a market offering is important for customers, and it can either be a guiding or determining factor in purchasing decisions. However, some of the interviewees try to take into account the total cost of ownership. This means that the customer goes beyond a product's purchase price and also consider associated, direct and indirect, costs that can occur over the product's lifetime.

*"Price is a guiding factor for us, we don't want to over engineer anything, because in the end someone has to pay for it. We always ask ourselves: Will the consumers be ready to pay for the additional cost for a more expensive packaging material?"*

*“We could use a cheap SPS board [product type], which in the end would look nice on the shelf, but it wouldn’t be lowest cost in use.. In the end, we have consider the full cost for the packaging in order to find the best possible alternative”*

Further, switching costs also seem to impact CPV. Related to this, the interviewees have stated that the time and money required to research new alternatives are something that customers try to limit as much as possible. Furthermore, the interviewed customers indicated that if a specific cartonboard material would require big investments in their own production, it would substantially decrease the chances of a purchase, if other alternatives are available on the market.

*“It is beneficial if the cartonboard can run smoothly in our current machines. If we can avoid new machine investments and use existing machinery, we prefer that”*

Moreover, the interview results indicate that switching from one material to another often cause inertia in customers’ work processes. For example if a new material might require staff training and new work processes, it is considered to have negative impact on CPV. This opinion is represented by following customer quote.

*“Why would we change something if it works OK. To switch to a new material is always resulting in some type of inertia. Once something is launched and it’s working well, people will say ‘Don’t mess with that’ “*

#### **5.2.4 Social Value**

Related to *Social value*, numerous interviewees have mentioned that they prefer working with suppliers who have similar policies based on good working philosophy and ethics. This fact is indicated by following quote.

*“When it comes to our suppliers, they need to be able to provide evidence of food contact safety of their products, show sustainability credentials and ethical credentials”*

Many of the interviewees stress the importance of choosing suppliers with good social images, referring to the public’s perception of the supplier’s social and ethical behavior. However, some of them underline that having a supplier with an extraordinary social image rather is something which they consider as nice to have, than something they require. They argue this because working with a supplier good social image will rarely be acknowledged by the end-users, and would therefore not result in a substantial impact. However, to work with a supplier with bad social image, for example caused by poor working practises or bad forest management, is mentioned to be a risk for the purchasing firm. This, because the supplier’s bad image may to be transferred to the purchasing firm, which ultimately risk causing lost sales. Following quotes represent general opinions of the interviewees:

*“In the end, our suppliers name will not be on the box, and it is more important to find someone who is not doing bad rather than finding a supplier with an excellent image. Since negative things unfortunately often blown out of proportion but good things are often ignored by the public.”*

*“We would never work with a supplier who have been accused of poor practises, like deforestation, it could really harm our business and reputation”*

Furthermore, interviewees also highlighted the importance of a good supplier reputation, referring to the public’s perception of the supplier’s competence and credibility. Multiple converters stressed that their customers perceive products from well-known paper mills with good reputation as safe choices, ultimately making them easier for converters to sell.

*“It’s easier to sell products from well-known mills with good reputation, because customers perceive it is a safe choice [...] so if a company have a good reputation it gives credibility to the product”*

### **5.2.5 Emotional Value**

The interviewees indicate that experience of doing business with a supplier often result in a more efficient way of working together and improved information exchange. Furthermore, the interview results imply that experience of working with a reliable supplier also can generate trust, which often leads to a higher level of transparency. However, according to some of the interviewees, having experience from working with a supplier is not always considered to be a positive. One interviewee stated that experience from working with the same supplier for a long period of time risk blocking development and new ways of thinking. Nevertheless, having experience from working with a supplier generally contributes to an increased CPV, and it is often preferred if it is a viable alternative.

*“Experience from working with a supplier can both have a positive and negative impact. Experience means that you have a predetermined perception of a supplier in your mind, which in some cases also can act as a block. But if we have a good experience with a company with an open relation, with trust, honesty, then of course you will work better with those ones. However, with a new supplier I will probably be more cautious on what information I share etc.”*

Moreover, several of the interviewed customers mentioned Global Forest’s sellers by name and some seem to have developed interpersonal relationships with their suppliers. Further, they also seem to value that the supplier knows them and thus, can give individual attention. Both of which, reflected in the following quote.

*“Paul [name of seller at supplying company] and I have known each other for a long time, so he knows what works for me and my company [...]. I highly value our business*

*relationship and I wouldn't look for another supplier unless Paul's company can't offer what we look for"*

### **5.2.6 Innovation Value**

Suppliers who are innovative and reactive to new customer needs have repeatedly been mentioned to be appreciated by the interviewed customers. Several of the interviewees have further stated that they value suppliers who are capable of identifying new customer and market needs and are open to collaborate with them in order to develop solutions to fulfill these needs.

*"A major value generator for a supplier is to be able to offer something new. We want our suppliers to collaborate with us to find new, better solutions, for example connected to green packaging material"*

*"If a supplier is ready to supply us globally and is ready to work with innovation solution oriented, that is a huge plus for us"*

However, if the customer considers the item in focus to be a commodity, the innovation aspect of a supplier seem to be of lower priority. In contrast though, if the item is considered critical for the customer, a supplier's innovation capability can even be seen as a requirement.

*"An ideal situation for us would be if we had a small and handful number of innovation partners, who fully understands our challenges and make those a part of their own company strategy and goals"*

### **5.2.7 Environmental Value**

Environmental sustainability seem to impact all interviewees' CPV. The reasoning for why sustainability is important for the customers are motivated differently. One argument is that if a company is associated with environmental sustainability, it can create an attractive company image. Moreover, environmental regulations and laws are becoming more common, which further demand environmental considerations. However, in contrast to previous argument, some customers instead state that they mainly strive for environmental sustainability because they want to do the right thing for the environment.

*"Two main drivers for my firm's sustainability engagement is to achieve a positive environmental association and to build our brand identity"*

*"Because of our sustainability agenda we're taking a lot more responsibility than average retailers, it is because we want to do the right thing"*

Many of the interviewed customers stated that they strive to have a low environmental impact, use less chemicals and to produce recyclable products. However, in order to do so, they are required to work with suppliers that also have an environmental focus and therefore this is

highly valued. Furthermore, many of the interviewees also mentioned that they value suppliers who can offer sourcing information of the the purchased item's origin and production.

*“We’re trying to be transparent towards our customers and therefore need our supplier to be that too”*

## **6. Discussion and Conclusions**

This chapter will initially discuss the findings presented in 5. Empirical analysis in relation to the theory presented in 2. Theoretical framework, reflecting on how the study impact existing research within CPV. Finally, it will synthesize the study and present its conclusions.

### **6.1 Discussion of Findings**

The discussion is separated into two sections, the first will cover the characteristics of CPV in B2B markets and the second will discuss the value elements and underlying value drivers of CPV in B2B markets.

#### **6.1.1 Characteristics of Customer Perceived Value in B2B Markets**

Anderson and Narus (2001) state that only a few suppliers are able to define the actual value their market offerings create for their customers. This is true for the department at Global Forest who is responsible for the VBN Board, since they do not have a clear picture of the product's value proposition. However, it is difficult to draw any conclusions on whether Anderson and Narus (2001) is generally correct with their statement today, since this study only presents data collected from Global Forest and their associated customers. Nevertheless, this indicate that there do exist suppliers on the market today who would benefit from learning to what value their market offerings create for their customers. This is something that all suppliers should aspire to do since an understanding of CPV is needed in order for firms to be competitive (Anderson and Narus, 2001) and it will guide them to deliver superior customer value (Chacour & Ulaga, 2001).

Woodruff and Gardial (1996) introduced The Customer value hierarchy where they define three dimensions of value: desired attributes, desired consequences and desired goals. This model considers higher-order perspectives of how customers experience outcomes, e.g. they link product attributes to desired consequences and goals and derive value therefrom. This model seems to be applicable for describing how customers perceive value, since many of the interviewed customers in this study have mentioned both higher-order consequences and goals which they hope to achieve when buying a product with certain attributes. For example, the interview result indicate that the natural brown colour of the VBN Board can be a desired attribute of the VBN Board, which may cause the desired consequence that the product will be perceived as being more environmental friendly or natural. This, in turn, can enable a desired goal for the company to obtain an organic and healthy product image which possibly could increase sales.

However, even though Woodruff and Gardial's (1996) value hierarchy model seems to be applicable for describing how customers perceive value, it does not give a comprehensive description of CPV. This is because it does not distinguish the construct CPV into different value elements, which Callarisa-Fiol et al. (2011) and other researchers have indicated. Furthermore, this study have identified multiple value elements constituting CPV and therefore support the perspective of CPV as a multidimensional construct, which will be further discussed in following subchapter.

Chacour & Ulaga (2001) underline that one of the reasons to why understanding what customers perceive as valuable is a challenging task, is due to the fact customers perceive value subjectively. This is something that is supported by the interview results, where it is indicated that value perception and priorities can differ between different individuals, departments, firms and regions. Connected to this topic, Chacour & Ulaga (2001) points out the fact that customer segments are not homogenous, and that it is important for suppliers to identify different customer types, the differences between them and the perception gaps that can occur within and between their customers' organisations. Thus, the authors highlight the importance for suppliers to understand the CPV of their products, since this can be critical when it comes to developing successful sales strategies for different customer segments. Moreover, since the interviewees stated that their departments value different things, and that decisions often are based on trade-offs, the authors further argue that the customers themselves could benefit from understanding how they, and their colleagues in other departments perceive value, since this could enable more informed decision making.

Two other important characteristic for CPV in B2B markets are the fact that value perception is a dynamic construct that changes over time (Woodruff, 1997; Khalifa, 2004) and that value is perceived relative to available competition (Chacour and Ulaga, 2001). This is something that is supported by the interview results where interviewees have indicated that purchasing criteria is constantly changing and that purchasing firms compare different market offerings before taking purchasing decisions. This arguably imply that supplying firms need to develop a capability to sense and respond to changes that occur on the market and engage in being updated about competing market offerings.

Eggert & Ulaga (2002, p.110) stress three characteristics for CPV: (1) the multiple components of value, (2) the subjectivity of value perceptions, and (3) the importance of competition. They further use these three to define CPV in B2B markets as *“the trade-off between the multiple benefits and sacrifices of a supplier's offering, as perceived by key decision-makers in the customer's organization, and taking into consideration the available alternative suppliers' offerings in a specific use situation”*.

In contrast however, this discussion can be summarized to suggest five, instead of three, characteristics of CPV:

1. Characterized by being a perceptual linkage between attributes, consequences and goals
2. Constituted by multiple, different value elements.
3. Characterized by being subjective.
4. Relative to other alternatives
5. Changing over time

The additional two characteristics, 1 and 5, suggests a possible need of updating and extending definitions of CPV in B2B markets. To the authors' knowledge, they have yet to come across a definition of CPV in B2B markets including all five characteristics. In the specific case of Eggert & Ulaga's (2002) definition, it could potentially be extended in the following way:

*“the **constantly changing** trade-off between the multiple benefits and sacrifices of a supplier’s offering, as perceived **and linked to desired goals** by key decision-makers in the customer’s organization, and taking into consideration the available alternative suppliers’ offerings in a specific use situation”.*

### **6.1.2 Elements of Customer Perceived Value in B2B Markets**

As mentioned in the previous section, CPV is constituted by multiple value elements. Anderson and Narus (2001) states that it is beneficial for a supplier to create a list of these value elements, which should reflect all potential effects of doing business with them can have for the customers. The authors further states that such a list can be helpful in order to develop persuasive value propositions. Callarisa et al. (2011) present such a list with five value elements, which will be discussed in the following order: (1) *Functional value quality of product*, (2) *Functional value quality of service*, (3) *Functional value sacrifices*, (4) *Social value* and (5) *Emotional value*. Subsequently, the discussion will also consider (6) *Innovation value* and (7) *Environmental value*, which are two additional value elements derived from the interview results.

Related to (1) *Functional value quality of product*, the interviewees stated an increased quality of a product generates a higher value perception for customers. Further, they highlighted that they value product attributes that can reduce costs in their own businesses. In other words, the customers tend to look at the total cost of ownership by considering the material’s product performance and how effectively a product will run in their own supply chain and production. Thus, a product’s technical and durable qualities are valued. Moreover, the appearance of a cartonboard product seem to have an influence on most of the interviewees’ value perceptions. This was motivated with the fact that product appearance can have an impact on brand building and sales figures.

Most of the identified variables which seems to influence *Functional value quality of product*, correspond to the value drivers *Durable quality of product* and *Technical quality of product* introduced by Callarisa et al. (2011). However, the authors argue that these value drivers fail to account for the appearance aspect, which is undoubtedly considered to be an important value aspect in this case study. It is therefore suggested that *Aesthetic quality of product* should be considered to be introduced as a third value driver within this value element.

Regarding (2) *Functional value quality of service*, the interview results indicate that customers value suppliers who offer reliable service, communicate well, and have knowledge of the customers’ business and industry. In addition to this, product certifications of various types were repeatedly mentioned to be critical for customers. The interviewees stressed that certifications guarantee a certain level of behaviour or quality and can generate trust, which ultimately can reduce the customer’s own risk exposure towards the end-user.



These findings support that *Technical competence* and *Reliability*, mentioned as value drivers by Callarisa et al. (2011), impact *Functional value quality of service*. In addition to these, the result further imply that *Certifications* and *Communication* should be included as additional value drivers within this value element. However, further research is recommended to validate this recommendation.

Within (3) *Functional value sacrifices*, the interview result indicate that a market offering's price and associated costs have an impact CPV. The interview results also indicated that the time and money required for a customer to identify other available alternatives on the market, further have an impact on their perceived value of a product offering.

Therefore, the results indicate that *Monetary sacrifice*, *Switching costs* and *Convenience sacrifice* are value drivers within this value element, which match the value drivers stated by Callarisa et al. (2011).

The findings imply that (4) *Social value* is influenced by a supplier's social image, reputation, and policies. According to the interviewees, the public's perception of a supplier's social and ethical behavior, i.e. social image, are important for a purchasing firm. However, the interview result indicated that if a supplier has a superior social image, it will not necessarily increase their customer's perceived social value notably. This seem to be case because a company's suppliers are rarely acknowledged by the end-users and therefore a superior social image wouldn't have a substantial impact. Rather, the result indicated that it is important for customers to avoid suppliers with bad social images, as the bad reputation risk to be transferred to the customer. However, this may be unique for this specific case, and therefore, research in other markets and industries is recommended. Further, some purchasing firms care about the industry's perception of a supplier's competence and credibility, i.e. reputation, as this will in turn influence the ease of selling the product to the next customer tier. Lastly, interviewees also stressed that a supplier's policies is important, as they value working with suppliers who have similar values and working philosophy.

Thus, the results support that a supplier's *Social image* and *Reputation*, mentioned as value drivers by Callarisa et al. (2011), influence CPV. However, the authors argue that these value drivers also should be complemented with a third one: *Policies*.

Related to (5) *Emotional value*, customers seem to value having previous experience and relationships with suppliers as well as getting personal attention. However, one of the interviewees highlighted that previous experience with a supplier is not always considered to be beneficial. This, since experience from working with a supplier risk to block new ways of thinking and can hinder improvements in the buyer-supplier relationship. Therefore, the result indicate that suppliers constantly should question their processes in order to identify ways of improving. Nevertheless, experience is generally considered to be valuable and often something that result in higher working efficiency.

Hence, the results indicate that *Experience*, *Personalized attention* and *Interpersonal relationships* are value drivers within this value element, matching the value drivers also stated by Callarisa et al. (2011).

Derived from the interview result, the authors suggest adding (6) *Innovation value* as an additional value element. This is despite the fact that Callarisa et al. (2011) chose to mention a supplier's innovation capability within the value element *Functional value quality of service*. On one hand, innovation capability can be argued to be a service aspect because customers value suppliers who collaborate with them to find new solutions. However, on the other hand, customers also value suppliers simply because of their ability to identify and react to new market needs. The latter aspect is not a service per se, but rather a capability customers value because they know that suppliers who possess this quality will continue to sell new and continuously improved products in the future, and therefore is a good choice of supplier. Consequently, the authors argue that innovation capabilities should be distinguished from the service value element and, since it does not fit within any of the other four value elements, there is a need for an additional value element: (6) *Innovation value*. Moreover, customers further state that innovation capabilities might even be required in order to be relevant in a comparison of suppliers, which stress the importance of acknowledging this value element.

Following, the authors therefore suggest the two value drivers *Sense & respond* and *Collaboration* within Innovation value, representing a supplier's capability to detect and react on new market needs, as well as willingness to collaborate with customers to find solutions. However, additional research in this area is suggested.

Derived from the interview result, the authors further suggest adding a second value element: (7) *Environmental value*. Environmental aspects within CPV have not, to the authors knowledge, been highlighted in previous CPV literature, which might be due to the fact that value perceptions changes over time (Woodruff, 1997; Khalifa, 2004) and that it therefore may be a relatively new value element perceived by customers. Therefore, the authors argue that it should be distinguished as a separate value element because it does not entirely fit into any of the previously discussed value elements. It can be argued that environmental aspects to some extent influence social value, but the interview data also showed that customers value this aspect because they want to do right thing for the environment, not only because it will influence the public's perception of the company. Consequently, only referring to environmental aspects such as social value would fail to reflect the full picture and therefore there is a need of handling this as a separate value element.

Furthermore, customers seemingly want to work with suppliers who conduct their businesses with consideration for the environment. A majority of the interviewed customers stated that they aim to run an environmental-friendly business, and in order to do so they are required to work with suppliers who have a similar focus. Further, some of the interviewed customers also stated that they want to be open with their products' environmental impact, since it can help to build an attractive brand image. Therefore, customers find it valuable when suppliers that are transparent with their environmental footprint. Conclusively, *Environmental impact* and

*Transparency* are suggested as underlying value drivers within Environmental value. However, the authors also suggest additional research, preferably in multiple industries, in this subject.

To summarize the discussion, the value elements of CPV and their underlying value drivers, proposed in this study, are presented in Figure 6.1.

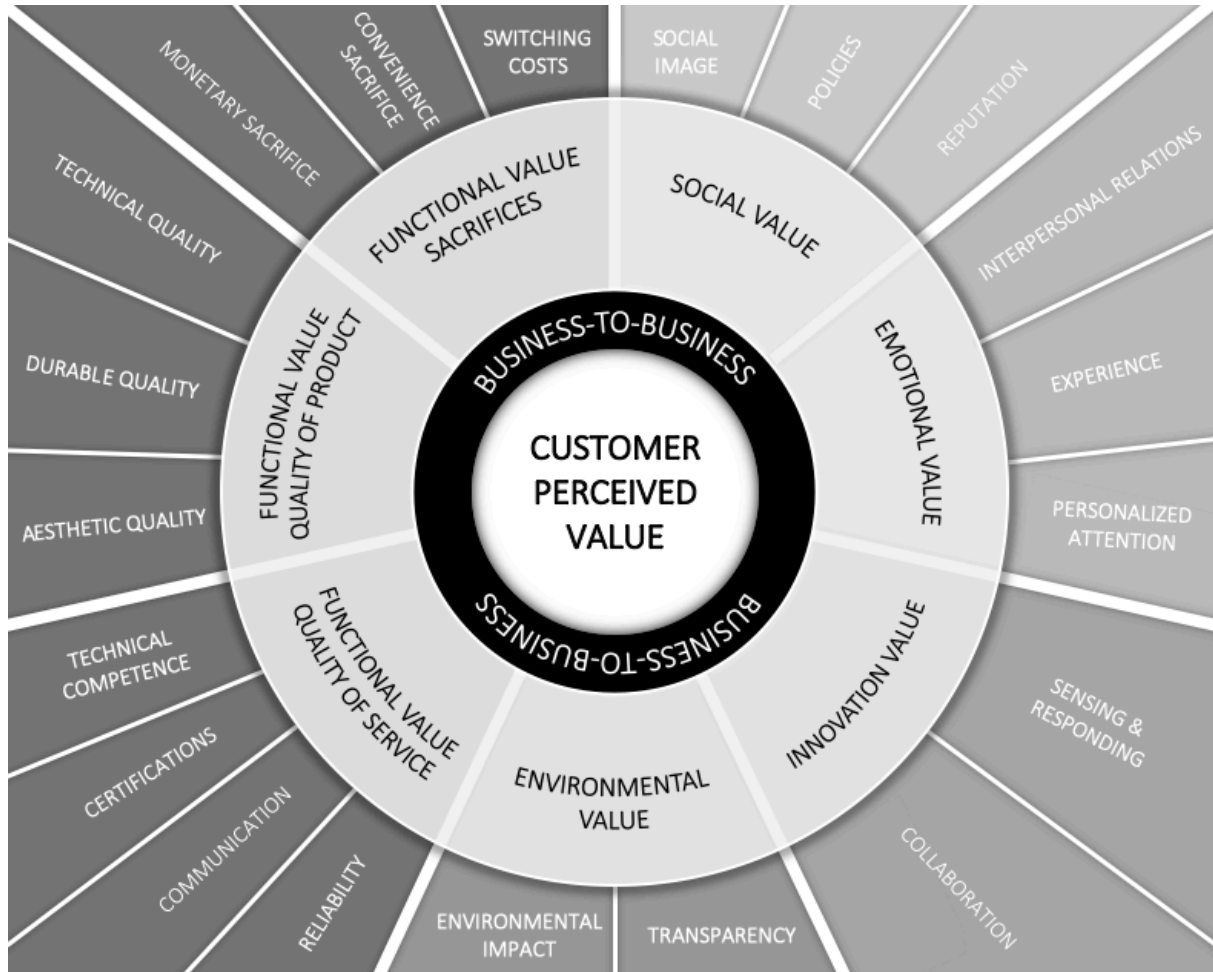


Figure 6. 1 Conceptual Model of Customer Perceived Value in B2B Markets. The inner circle representing value elements and the other associated value drivers.

## 6.2 Conclusions

In this study, CPV has mainly been viewed from seven different uni- or multidimensional perspectives. This paper has contrasted these perspectives, adopted the perspective of the Consumption-values theory, and utilised it as foundation for examining the CPV construct's characteristics, elements, and underlying value drivers. The results of the study are synthesized under corresponding research questions below.

*RQ1: What characterize the construct customer perceived value in B2B markets?*

Besides supporting the literature's notion that companies struggle to define the value of their market offerings, this case study shed light on primarily five characteristics of the CPV construct. Firstly, CPV is characterized by being a perceptual linkage between attributes,

consequences and goals. The findings suggest that people perceive value from attributes if they can tie them to consequences and goals. Secondly, CPV is constituted by multiple, different value elements, further elaborated under the following research question. Thirdly, CPV is characterized by being subjective. This study highlights four types of subjectivity that should be taken into account when studying CPV: different regions perceive value differently, different companies perceive value differently, different departments within a company perceive value differently as well as different individuals perceive value differently. Fourthly, CPV is relative to other alternatives, meaning value is not perceived in isolation but will be dependent on other known substitutes. Lastly, CPV is changing over time. The findings show that the perception of value tend to be constantly changing; what may be perceived as valuable today, may not be tomorrow.

*RQ2: What drivers can customers perceive to generate value for them in B2B markets?*

*RQ3: How do the identified value drivers correspond with the value construct's elements suggested by literature: (1) Functional value quality of product, (2) Functional value quality of service, (3) Functional value sacrifices, (4) Social value, and (5) Emotional value?*

The number of ways a supplier can generate value for customers in B2B markets are many. This study shed light on some of these and suggested a classification of 20 value drivers. 16 of these value drivers correspond to the five value elements suggest by literature: functional value quality of product, functional value quality of service, functional value sacrifices, social value, and emotional value. The remaining 5 value drivers, which did not fit into these, were instead suggested in this study to be grouped under two new, additional value elements: innovation value and environmental value.

Further, the value drivers are divided into value elements following. Firstly, *Functional value quality of product* can be influenced by (1) technical quality of product, (2) durable quality of product, and (3) aesthetic quality of product. Secondly, *Functional value quality of service* can be influenced by (4) technical competence, (5) reliability, (6) communication, and (7) certifications. Thirdly, *Functional value sacrifices* can be influenced by (8) monetary sacrifice, (9) convenience sacrifice, and (10) switching costs. Fourthly, *Social value* can be influenced by (11) social image, (12) reputation, and (13) policies. Fifthly, *Emotional value* can be influenced by (14) experience, (15) personalized attention, and (16) interpersonal relations. Sixthly, *Innovation value* can be influenced by (17) sensing & responding and (18) collaboration. Lastly, *Environmental value* can be influenced by (19) environmental impact and (20) transparency.

Conclusively, this study adds to the literature of CPV in B2B markets in three ways. Firstly, it enriches the understanding of CPV in B2B markets by highlighting five characteristics, which suggests a possible need of updating and extending definitions of CPV in B2B markets. In order to generate a well-rounded, generic definition however, the identified characteristics should ideally first be further researched in additional industries. Secondly, in contrast to the majority of previous studies of CPV, it also adds to the literature of value drivers within value elements.

However, the proposed classification of value drivers should preferably also be tested in various industries to understand their generic relevance and this is therefore a second area suggested for further research. Lastly, it suggests that the construct CPV consist of seven value elements, extending the five value elements suggested in literature with two new, additional value elements: innovation value and environmental value. Similarly, these are suggestions based on this specific case study and therefore the authors highlight the need for further research in other industries in order to assess the generic applicability.

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## Appendix

*Appendix A* and *Appendix B* show the interview questions used in internal and external interviews, respectively.

### A. Interview Questions for Internal Interviews

- 1) What is your position?
- 2) What does your work look like?
- 3) Do you mainly sell to or work with converters or brand owners?
- 4) How is your performance measured?
- 5) Have you sold VBN Board to any actors on your market?
- 6) What was the reason that these customers bought VBN Board?
- 7) What have these customers thought about the product?
  - Received feedback?
- 8) What thoughts do you have regarding VBN Board?
- 9) What do you see as pros with selling this product? Positive aspects?
- 10) What do you see as cons with selling this product? Negative aspects?
- 11) VBN Board vs. VBN Board: How do you describe the difference between these two product types for the customer?
- 12) In what situations would you promote VBN Board instead of VBN Board? Why?
- 13) How do you consider the potential of VBN Board on your market?
- 14) What price would you set for this product?
  - Do you believe that premium is an option?
- 15) What part of the market (potential customer segments) do you believe have the biggest potential when it comes to buying VBN Board?
  - Why do you think that this part of the market is more relevant than others?
- 16) Overall, how do you view the market potential for VBN Board in your specific market?
- 17) What are your expectations when selling this product?
- 18) What are your fears?
- 19) Potential limitations?
- 20) VBN Board vs. Competitor's similar products?

## **B. Interview Questions for External Interviews**

### **General info**

- 1) Could you briefly describe your role and how are you involved in packaging decisions at your company?
- 2) Who else influence these decisions?
- 3) How does converters' input influence material decisions?
- 4) Who in the supply chain is specifying the product and where is the final decision made?
- 5) What product/ products do you develop that are relevant for cartonboard packaging - end-use applications?

### **Purpose with packaging**

- 6) How would you describe the value/ purpose of consumer packaging for your company?
  - Brand building? Image? Stand out on the shelf? Increase sales?
- 7) How could a natural looking/brown consumer cartonboard affect these values? In what way?

### **VBN Board specific questions**

- 8) (If any) What potential application areas/products do you see for VBN Board in your business? - EX// Specific product lines? (ex. eco collection, premium collections)
  - Why?
- 9) What are you buying for this application today?
  - Why?
  - What could be better?
- 10) Based on what you've seen/ heard, how do you believe your customers would perceive VBN Board?
- 11) What shade of the unbleached board is preferred? Darker/lighter/even etc?
  - Why?
- 12) If you would purchase/switch to a cartonboard like VBN Board, what would be the reason for this?
  - What would be the expected consequences?
  - What would be the biggest risks associated with switching/ buying to VBN Board?
- 13) In which situation would your company consider switching from one grade to another?
- 14) Would you use VBN Board as a premium or "regular" packaging product?
- 15) If your company was to buy VBN Board (or a similar cartonboard product), what volumes would be relevant?

### **Customer perceived value**

- 16) What are key buying factors for you when buying consumer cartonboard for packaging?
  - Required factors?
  - Desired factors?
- 17) In what ways can a supplier generate value for you?
- 18) What is criteria you use when it comes to deciding for a packaging supplier?
- 19) How does the social image/reputation of a supplier influence how you perceive their product offering?
- 20) How does the experience from working with a supplier, or a supplier's product, influence how you perceive their product offering?
- 21) In what way do you consider sustainability aspects in you packaging decisions? What aspects do you consider?